

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2288 – SB 2255

February 23, 2016

SUMMARY OF ORIGINAL BILL: Authorizes the Department of Revenue (DOR) to issue a permanent license plate to Class I and Class II off-highway vehicles for residents of Tennessee and a temporary license plate to nonresidents. Allows Class I and Class II off-highway vehicles to be driven on county roads. Specifies that Class I and Class II off-highway vehicles can only cross state highways and may not operate on any interstate. Establishes a Class I off-highway registration fee of \$10.00 and a Class II off-highway registration fee of \$11.00.

Defines "Class I off-highway vehicle" as a motorized vehicle with not less than four non-highway tires, nor more than six non-highway tires, with a top speed greater than 35 miles per hour, that is limited in engine displacement to 1,000 cc or less and in total dry weight up to 2,000 pounds, that is 65 inches or less in width, and that has a nonstraddle seating capable of holding at least two but no more than four passengers and has a steering wheel. "Class I off-highway vehicle" shall include mini-trucks.

Defines "Class II off-highway vehicle" as any off-highway vehicle that is designed to be primarily used for recreational purposes, that has a nonstraddle seating capable of holding at least two but no more than four passengers, has a steering wheel, and is commonly referred to as a sand buggy, dune buggy, rock crawler, or sand rail.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - Exceeds \$500/Highway Fund

SUMMARY OF AMENDMENT (012497): Deletes and rewrites certain language in the bill such that the only substantive changes are (1) to define "county road" as a road classified pursuant to Tenn. Code Ann. § 54-10-103 or a road for which a county has assumed control, and (2) addition of language that specifies that persons are not required to obtain a license in order to transfer, sell, or lease a Class I or II off-highway vehicle.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

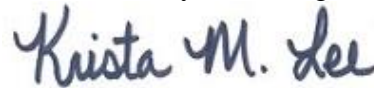
Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The bill as amended establishes a Class I off-highway registration fee of \$10.00 and a Class II off-highway registration fee of \$11.00.
- Under the provisions in Tenn. Code Ann. § 55-8-191, and the registration fees list codified in Tenn. Code Ann. §55-4-111, a medium and low speed vehicle may be currently registered to operate on roads with a speed limit of 40 mph or less. The current fee for registration under Tenn. Code Ann. § 55-8-191 is \$9.50.
- It is reasonably assumed any processing, sticker, local clerk costs, or plate manufacturing fees for current medium and low speed vehicles will be the same for the Class I and Class II off-highway vehicles.
- It is assumed that vehicles defined as Class I and Class II off- highway vehicles will now be required to register as Class I and Class II off- highway vehicles rather than low and medium speed vehicles.
- Based on information provided by the Department of Revenue, it is reasonably assumed that a minimum of 250 currently registered medium and low speed vehicles will register as Class I off-highway vehicles. The recurring increase in state revenue is estimated to exceed \$125.00 [(\$10.00 Class I - \$9.50 current fee) x 250].
- Based on information provided by the Department of Revenue, it is reasonably assumed that a minimum of 250 currently registered medium and low speed vehicles will register as Class II off-highway vehicles. The recurring increase in state revenue is estimated to exceed \$375.00 [(\$11.00 Class I - \$9.50 current fee) x 250].
- The total recurring increase in state revenue to the Highway Fund is estimated to exceed \$500 (\$125 + \$375).
- The provisions of the bill as amended are not expected to increase or decrease the number of citations currently issued.
- The Department of Safety and the Department of Commerce and Insurance both confirm that any impact on departmental operation is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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